SGIP and your company

California Center for Sustainable Energy

1. What is the Self-Generation Incentive Program (SGIP)?

The SGIP provides financial incentives ($83 million statewide per year) for the installation of new, qualifying self-generation equipment installed to meet all or a portion of the electric energy needs of a facility. The SGIP was originally designed to complement the CEC's Emerging Renewables Program (ERP) by providing incentive funding to larger renewable and nonrenewable self-generation units up to the first 1.0 MW in capacity. As of April 24, 2008 and through 2009, CPUC Decision 08-04-049 extends the incentive cap to 3.0 MW contingent upon eligible incentive budget carried over from previous years. PG&E, SCE, SoCalGas and CCSE are the program administrators for the SGIP throughout their respective service territories.

2. Who is eligible for the program?

Any retail level electric or gas distribution customer of PG&E, SCE, SoCalGas or SDG&E is eligible to apply as the host customer and receive incentives from the SGIP. Project sizes are limited to 30kW-5MW for wind and renewable fuel cells. However, we can provide incentives for any size nonrenewable fuel cell up to 5MW.

3. Can you talk about the rebates available?

The SGIP provides a one-time incentive payment to help reduce the cost of installing self-generation equipment. The incentive levels for the two categories of self-generation technologies follow:

Incentive Levels	Eligible Technologies	Incentive Offered ($/Watt)	Min. System Size	Max. System Size	Max. Incentive Size
Level 2 Renewable	Wind turbines	$1.50/W	30 kW	5 MW	1 MW
	Renewable fuel cells	$4.50/W			
Level 3 Nonrenewable	Nonrenewable fuel cells	$2.50/W	None	5 MW	1 MW

Depending on the funding availability, projects that are greater than 1 MW up to 3 MW can receive incentives as well. The incentives for projects greater than 1 MW decline according to the schedule below:

Capacity	Incentive Rate (Pct. of Base)
0 — 1 MW	100%
>1 MW — 2 MW	50%
>2 MW — 3 MW	25%

No incentives are paid for system capacities above 3 MW including existing generating capacity that has previously received SGIP incentives.

4. What is the qualifying equipment for the program?

Currently, wind and fuel cell technologies are eligible for incentives. However, there are discussions under way to include advanced energy storage as an eligible subset of technologies.

5. Can you discuss how this program is beneficial to consumers and the environment?

Incentive programs that support the installation of distributed generation (DG) are critical to raising awareness about emerging technologies through financial support. DG benefits consumers and the environment (especially renewable technologies) by reducing the impact our energy needs have on the the world around us. California's energy is primarily generated by centrally located combined-cycle gas turbines. Consumers who generate their own power through wind and fuel cells dramatically offset greenhouse gas emissions associated with their energy use. In addition, generating energy on-site reduces load congestion and places less stress on the transmission grid.

6. How can people get started with the program?

Visit our Web site at www.sgip.energycenter.org and download the SGIP Program Handbook. After reviewing the documentation, feel free to contact us with any remaining questions.

7. What else should people know about SGIP?

We have a limited incentive budget that is renewed at the start of each program year. At CCSE, our budget is approximately $10 million per year. The program is scheduled to sunset on Dec. 31, 2011.

8. Who are the best candidates for SGIP technologies?

Most of our customers are larger energy users such as commercial businesses and public entities with electric loads greater than 30 kW. However, newer nonrenewable fuel cell technologies are likely to be available at a residential sizes (<30 kW) that would benefit higher tier residential rates.

9. What are the advantages of SGIP technologies as compared to solar or other renewable energy sources?

Each technology has various advantages and disadvantages depending on where and how it is applied. Where solar emits no GHG when generating electricity, fuel cells can provide firm power at night when the sun isn't shining. While wind is highly dependent upon the availability of the wind resource, it is a lower cost technology compared with solar and fuel cells. Each technology group provides a key role in diversifying our energy mix. Diversifying technologies helps a wide spectrum of applications develop the means to being energy independent.

10. When, if ever, is the SGIP scheduled to end?

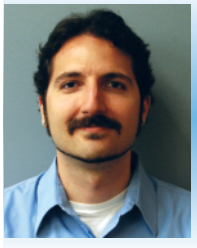
The program is scheduled to sunset on Dec. 31, 2011. However, it has been renewed twice before and could be legislatively renewed again.

11. Are there better incentives now to implement these technologies than there will be in the future?

Absolutely. There is no better time than the present to begin familiarizing one's self with the technologies and exploring the potential for generating your own energy. While product costs may slightly decline in the future, product demand will likely normalize the cost to the consumer as energy prices increase. The value of distributed generation continues to rise, and much like owning a home, the decision should be value proposition between purchasing your electricity from the grid (renting) or generating your own electricity (owning).

12. What more can you tell potential consumers about SGIP technologies?

There are federal tax credits that are currently available to residents and businesses in addition to the state incentives we provide. We are optimistic the federal tax credits will be renewed by Congress before they expire at the end of this year. The federal tax credits along with the state incentives can offset as much as 50 percent or more of the total project costs.



Jon Bonk-Vasko, P.E., DGCP, is the non-residential program manager, SGIP/CSI at the California Center for Sustainable Energy. Reach him at (858) 244-1196 or jon.bonk-vasko@energycenter.org.

Center for Sustainable Energy CALIFORNIA

8690 Balboa Ave, Suite 100 ■ San Diego, CA 92123
858.244.4873 phone ■ 858.244.1178 fax
www.energycenter.org web